**20:06:21:36.  Basis for continuation of coverage from group defined.** For the purposes of §§ 20:06:21:09 to 20:06:21:17, inclusive, § 20:06:21:35, and this section, a basis for continuation of coverage means a policy provision that maintains coverage under the existing group policy when the coverage would otherwise terminate and that is subject only to the continued timely payment of premiums when due.

Group policies which restrict provision of benefits and services to, or contain incentives to use, certain providers or facilities may provide continuation benefits which are substantially equivalent to the benefits of the existing group policy. The director shall determine the substantial equivalence of benefits. In determining substantial equivalence, the director shall take into consideration the differences between managed care and nonmanaged care plans, including provider system arrangements; service availability; benefit levels; and administrative complexity.

**Source:** 23 SDR 55, effective October 20, 1996.

**General Authority:** SDCL 58-17B-4.

**Law Implemented:** SDCL 58-17B-4.